

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2007-49-C – ORDER NO. 2007-234  
APRIL 5, 2007

IN RE: Joint Application of TelCove Operations,	)	ORDER GRANTING
LLC and TelCove of South Carolina, Inc. for	)	AUTHORITY TO
Grant of the Authority to Complete a Pro	)	COMPLETE
Forma Reorganization and Assignment of	)	REORGANIZATION AND
Assets and Customers	)	ASSIGNMENT

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on the Application of TelCove Operations, LLC (“TelCove Operations”) and TelCove of South Carolina, Inc. (“TelCove-SC”) (together, “the Applicants”) for approval of a proposed *pro forma* reorganization. In connection with the proposed reorganization, all of TelCove-SC’s South Carolina operations, including TelCove-SC’s assets, authorizations, and customers in South Carolina will be transferred on a *pro forma* basis to TelCove-Operations. After the completion of the proposed reorganization, TelCove-Operations will become the TelCove entity authorized to provide services in South Carolina.

Pursuant to the instructions of the Commission’s Docketing Department, the Applicants published a Notice of Filing and Hearing in newspapers of general circulation in their service area, and furnished proof of said service. No Protests or Petitions to Intervene were filed in the matter. Further, the Office of Regulatory Staff (“ORS”) filed a

letter stating that it did not oppose the Application. Order No. 2007-129 appointed a hearing examiner to hear the matter.

Subsequently, however, the Applicants moved for expedited review of the matter, and filed the verified testimony of William P. Hunt III, Vice President, Public Policy for Level 3 Communications, Inc. (“Level 3”), in support of the Application. We grant expedited review and also the relief sought in the Application. Hunt’s verified testimony provides the basis for granting the requested relief.

Hunt testified that the Applicants seek to complete a *pro forma* reorganization whereby TelCove-SC’s South Carolina operations, including the Company’s assets, authorizations, and customers in South Carolina will be transferred, on a *pro forma* basis, to TelCove-Operations. After the completion of the proposed reorganization, TelCove-Operations will become the TelCove entity authorized to provide service in South Carolina. Hunt noted that the proposed reorganization will not affect the services that TelCove-SC’s customers receive and, immediately following the transaction, existing customers will continue to receive service under the TelCove brand name. TelCove-Operations will have access to the same technical, managerial, and financial resources that TelCove-SC has in connection with the services that it provides in South Carolina.

The Applicants seek approval to allow TelCove-SC to transfer its assets, authority, and customers on a *pro forma* basis to TelCove-Operations. In connection with the transfer of those operations, Telcove-Operations will become the TelCove operating entity authorized to provide service in South Carolina.

Currently, TelCove-SC is a direct, wholly owned subsidiary of TelCove-Operations. As a result, the proposed reorganization involves the consolidation of TelCove's South Carolina operating company with its immediate corporate parent. Applicants are both indirect wholly owned subsidiaries of Level 3 Communications, Inc, a publicly traded Delaware corporation. The proposed transactions will not affect the ultimate ownership of the Applicants.

According to Hunt, TelCove-Operations' management team possesses substantial communications experience. TelCove-Operations currently has regulated operations in seventeen states, not including South Carolina. Further, Hunt states that, since TelCove-Operations is the direct corporate parent of TelCove-SC, TelCove-Operations' management team currently already oversees and is closely familiar with TelCove-SC's operations. Accordingly, Hunt testified that the Tel-Cove-Operations' management team is particularly well qualified to oversee TelCove-SC's on-going South Carolina operations.

Hunt noted that, as explained in its Application, the proposed reorganization will not affect the financial resources of TelCove-SC or TelCove-Operations. Both entities will remain wholly owned indirect subsidiaries of Level 3 Communications, Inc., a publicly traded Delaware corporation.

TelCove-Operations seeks authority which is identical to that currently held by TelCove-SC. TelCove-Operations will initially provide services identical to those now provided by TelCove-SC, but may expand its service in accordance with market conditions.

Hunt testified that the proposed reorganization is consistent with the public interest, and we so hold. The reorganization will be seamless with respect to the services that TelCove-SC's South Carolina customers receive, while enabling the TelCove operating entities to streamline their respective operations. The proposed reorganization is entirely intra-corporate in nature, will not result in any discontinuance of service, and will not affect any of the services provided to existing TelCove-SC customers. TelCove-SC's South Carolina customers will continue to receive service under the TelCove operating name. Furthermore, the existing management team of TelCove-Operations, which already oversees the operations of TelCove-SC, will remain in place and TelCove-Operations will continue to have access to the same financial qualifications that it enjoyed prior to the reorganization. Accordingly, TelCove customers in South Carolina will not be adversely affected by the proposed transactions.

Because of the above-stated reasoning, which we adopt, we approve the reorganization as filed, and hold that all assets, authority, and customers of TelCove-SC shall be transferred to TelCove-Operations on a *pro forma* basis. TelCove-Operations shall be subject to all Commission rules and regulations, in addition to the terms of any prior Commission orders approving authority for TelCove-SC. TelCove-Operations shall file any appropriate tariffs with this Commission, with a copy to ORS.

This Order shall remain in full force and effect until further Order of the Commission.

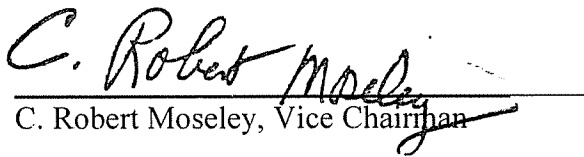
BY ORDER OF THE COMMISSION:



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G. O'Neal Hamilton, Chairman

ATTEST:



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C. Robert Moseley, Vice Chairman

(SEAL)